



Scandinavia



ECONOMY. The economies of the Scandinavian countries have performed remarkably well in recent years. Denmark and Sweden both have mature economies that have sustained steady growth with minimal inflation and low unemployment for much of the past five years. Norway's economy is more dependent on natural resources (e.g. oil) and is more cyclical. However, due to an upswing in global oil prices, Norway has avoided much of the global downturn during the past year and boasts both low inflation and low unemployment. Finland, riding the telecommunications and technology gains of the past several years, has grown at a remarkable pace. With a high growth rate, inflation was higher in Finland than elsewhere in the region. Unemployment, while declining, is comparable to France and Germany rather than neighboring countries. Notably, Finland is the only Scandinavian country to be part of the Euro zone. The global downturn in the technology and telecommunications industries has hurt growth throughout the region during 2001 and 2002. However, as the technology and telecommunications industries recover, the region remains well positioned to resume growth. Regional growth is expected to outpace the Euro zone nations in both 2002 and 2003.

EXCHANGE RATE. Of the four countries, the Swedish Krona has declined the most versus the U.S. dollar over the past few years. It has also lagged behind the Euro and other European currencies in appreciating versus the U.S. dollar in 2002. The Danish Krone has closely mirrored the Euro in its movement, having recovered to its January 2001 level in July 2002. Norway's Kroner has remained stronger than any of the other Scandinavian currencies, with strong gains versus the U.S. dollar in 2002.

LANGUAGE RESOURCES. Most travelers from this region who engage in long haul travel are comfortable with English.

TECHNOLOGY APTITUDE. The Scandinavian countries lead the world in both adoption of the Internet and mobile telephone use and are among the world leaders in computers per household. A high concentration of technology businesses combined with high standards of living and low access costs have enabled technology to rapidly assimilate into everyday life throughout the region.

SEASONS & SEGMENTS. Most Scandinavian governments mandate 5-6 weeks of vacation time. Consequently, most travelers enjoy 2-3 weeks of vacation during the summer months and enjoy shorter breaks during the winter and around holidays. The most popular U.S. destinations for the entire region remain New York, Florida and California. However, more travelers are increasingly looking to diversify their U.S. experience with fly-drive vacations that include historic and cultural sites, national parks and other scenic destinations and adventure/sports activities. As vacation patterns evolve towards a more balanced summer and winter vacation, opportunities exist to develop long-haul ski destinations.

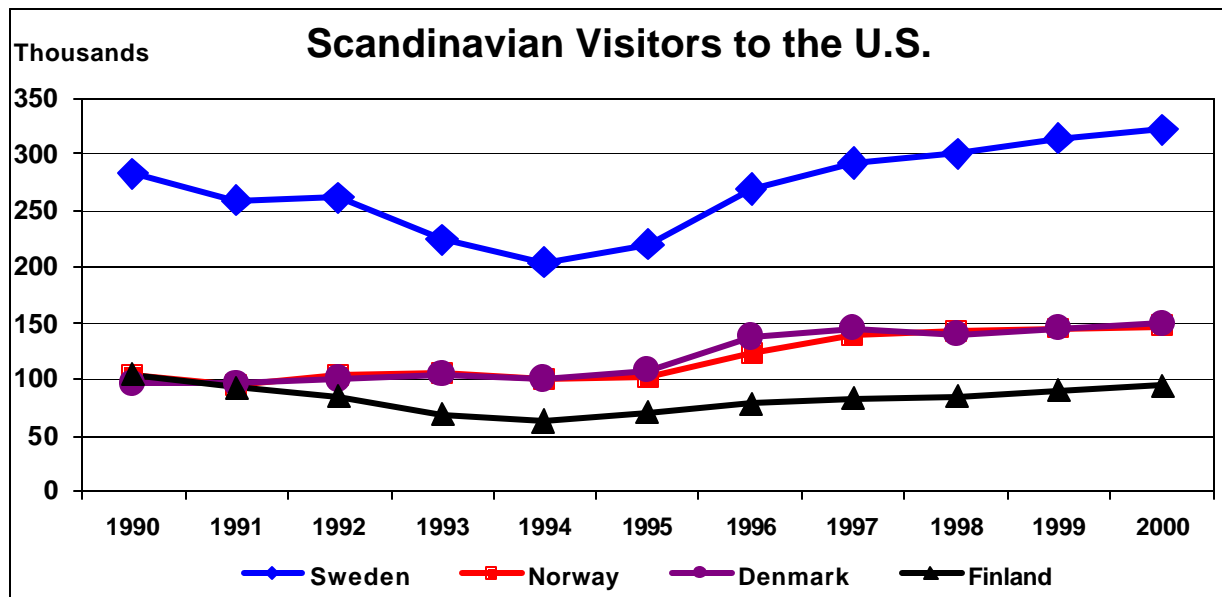
HISTORIC VISITATION. With a population of less than half of other European markets like France, Italy and the U.K., Scandinavia boasts a relatively large percentage of U.S. travelers. The region accounted for just over 700,000 visits in 2000, placing it between France and Italy in terms of U.S. arrivals. After declining much of the early 1990s, Scandinavian arrivals grew consistently through the latter half of the decade. Sweden is by far the largest market and is also the fastest growing, accounting for roughly 45% of total U.S. travel. Denmark and Norway each account for approximately 21% of total arrivals and Finland the remaining 17%. Despite the overall growth in the Scandinavian markets, the U.S. has lost share as a long-haul destination, notably to Southeast Asia over the past five years.

SOCIAL & POLITICAL FACTORS. Because of the small size of the market, increasing the base number of U.S. travelers may be difficult. Consequently, repeat visitors are especially important in the Scandinavian markets. Increasingly, U.S. visitors will pursue destinations in the Midwest, Southwest and Northwest to explore beyond the traditional destinations on the east and west coast.

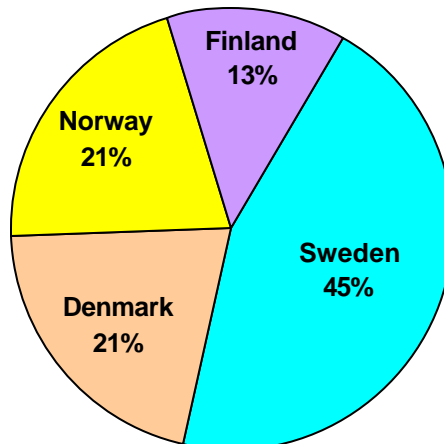
OLYMPIC INTEREST. The origins of the Winter Olympic Games is in the Nordic Games of Scandinavia. All of the countries in the region maintain a high level of interest in winter sports and have historically performed exceptionally well at the Winter Olympics. The region's performance in Salt Lake City was no different, with Norway, Sweden and Finland accounting for 37 medals. Since 1924, athletes from those same countries have received over 500 medals. Of the region's four countries, only Denmark has failed to medal in an Olympic sport. Not surprisingly, Scandinavian countries led the world in Olympic television viewing. Between 80% and 90% of the population of Norway, Finland and Sweden watched the Olympic Games, accounting for nearly 16 million viewers. Each Norwegian viewer watched nearly 29 hours of Olympic coverage, followed by Finnish and Swedish viewers, who watched 22 hours and almost 17 hours, respectively.

DISTRIBUTION INFRASTRUCTURE. Airports in Sweden and Denmark function as the gateways to nearly all long-haul destinations. Air service directly to the U.S. is limited in Finland and Norway. However, travelers from the region are accustomed to using the regional airports as intermediate stops. More significant is the lack of U.S. destinations served by those flights, which is currently limited to major cities along the east and west coast and Chicago. The Internet is increasingly important as a travel planning tool, although travel agencies and tour operators still provide itineraries and at least air transportation arrangements for most visitors. Most tour operators and travel agencies are relatively small, with affiliations to larger umbrella organizations.

U.S. ARRIVALS FROM SCANDINAVIA					
Year	Sweden	Denmark	Norway	Finland	Total
1990	282,163	96,796	103,960	103,411	586,330
1991	260,424	95,399	93,691	93,151	542,665
1992	261,728	100,353	103,863	83,716	549,660
1993	224,281	103,665	106,437	69,116	503,499
1994	204,293	101,062	101,094	62,754	469,203
1995	219,283	108,003	103,096	70,291	500,673
1996	268,975	137,307	124,078	78,841	609,201
1997	292,424	144,605	140,446	82,190	659,665
1998	300,925	138,689	142,583	85,247	667,444
1999	314,258	146,479	145,601	90,622	696,960
2000	321,881	149,211	147,540	93,649	712,281



ORIGIN OF U.S. ARRIVALS, 2000



SOURCE: OTTI, U.S. Department of Commerce